



Benefit Focus

Department of Administration, State Employee Benefit Programs Boise, Idaho January 2004

Employees Respond to Health Insurance Survey

Last September, the Department of Administration sought state employees' opinions regarding their current and future health care needs.

Between Sept. 23 and Oct. 10, **4,373** individuals responded to an online Health Insurance Survey that was posted to the State Employee Portal. The survey was intended to supplement information obtained at employee meetings held in Boise, Lewiston, and Pocatello last fall and to also provide all state workers an opportunity to be heard on this important issue.

Nearly half, or 2,182 of those responding, provided additional comments at the end of the questionnaire. (*Survey overview below, and comments sampling on Page 2*) The survey was developed based on information obtained at meetings held in late 2002 and this past year. The "self-selecting" survey was not designed to be a scientific measurement tool, but rather a means to gather employee attitudes and opinions about their health care benefits.



The State of Idaho's experience with increasing health care costs is no different than what is occurring nationwide. While surveys show health care increases in excess of 13% nationally, the State has experienced **two increases in excess of 20%** over the past two years.

The Department will continue to actively pursue involvement and input from both employees and retirees regarding their health care benefits. Statewide meetings will be held this spring as part of the Open Enrollment process for the FY 05 plan year.

An **Employee Advisory Group** is also being organized this month to assist in plan design for the FY 05 plan year. This group will be provided the results and comments from this survey.

The Department is appreciative of the time and participation of everyone who responded to the survey, attended recent meetings, and who are serving as members of State Health Insurance Advisory Groups.

Employee Survey Concerns and Recommendations ...

Of the surveys received, approximately 50% of them provided comments and recommendations on a variety of issues. The most prevalent were:

1. Salary Issues: Because there has been no across-the-board pay increases for the past two years, many employees have seen a **reduction in take-home pay** as a result of monthly premium increases. This has created hardships in some cases.

2. Plan Design: Employees expressed concerns regarding their increased **out-of-pocket costs** for various services, as a result of plan design changes in FY 04. They also cited the impact of **increased premiums**. Respondents also felt they were **limited on options** with the recent reduction of the number of plan modules to one. Many said they **don't want to pay for services they don't use**, such as maternity care. Others would like to have newborn nursery and wellness incentives included in the available benefits.

Many cited what they believed to be an **erosion of their benefits**. With the increased costs and limited choices came concern that the level of services available through the plan was not as beneficial in meeting their health care needs as it had been.

3. Pharmaceuticals. There was a great deal of concern about the significant increase in out-of-pocket costs that resulted from the **increase from one to two co-pay amounts** for a 90-day supply of maintenance medications. Significant interest was also expressed in exploring ways to get the costs down.

4. Rebidding Plan – Many said they thought the plan should either **be rebid** or that the State should **self-insure**. The feeling was that such changes would enable the State to take better advantage of the group's size and get a better deal. Either alternative would offer an opportunity to improve the situation.

5. Survey structure/questions. There were those who expressed dissatisfaction with the survey, saying the **format did not provide sufficient choices**; or that the **questions were negatively structured**.

Employees' Comments on Health Care Needs ...

Following is a **sampling of the verbatim comments** included as part of last fall's Health Insurance Survey:

"Due to budget cuts (causing lack of raises, statewide), as well as cost of living increases, our health insurance **premiums should remain the same until an adjustment in payroll increases is possible.**"

"Premium increases will cause employee morale to sink even lower than the last few years. I think **maintaining an affordable insurance plan** should remain at the forefront of administration concerns."

"I am very disappointed in the changes we had in our insurance this year and our lack of choices. **Employee benefits are the main reason I continue working for the state**"

"I don't need the EAP benefits and the cost/benefit for vision coverage is very poor. **Possibly mental/substance abuse, EAP, vision and other insurance could be "supplemental."** That way, employees who need that type of coverage, can purchase it; while others can buy the coverage they need."

"What about **full wellness or preventative benefits?** In the long run, these cost the insurance companies and individuals less than curative medicine."

"I think the best way to control the cost to employees is to **recreate the module options with different plans varying the deductible, prescription plan, mental health and EAP benefits, etc.** It was a difficult transition for me this year when my module (higher deductible) was eliminated and my contribution significantly increased. Thanks for taking the time to ask us how we think our insurance could be fixed!"

"I am an asthmatic and have a great need to be able to get the prescriptions I need, but at the same time I understand that the cost of the generic brands are cheaper than Name Brands. I think if there is a generic you should only be able to get that and not the Name Brand. I am currently using every generic prescription I can get as it reduces the cost of the State carrying the insurance. **I would rather see it become mandatory to take the generic rather than lose the coverage that I have. Limit drug choices.**"

"The prescriptions are a big concern to me. My husband and I are on several medications. I am very willing to pay a higher premium to get my medication coverage. **I like the idea of generic discount, but don't penalize us if a generic isn't available for the medication we are needing.** I have a severe health problem that needs the right medication to work. If I can't get it my only recourse may come to disability. I don't want to see that kind of thing happen when it doesn't need to. We should have an option with the prescription coverage like we would with the level of medical or dental coverage."

"**My preference is choice**, the current option is no option, and a plan I would never have agreed to. Benefit levels and options are important. I believe in insurance, and am not concerned about cost, even if I don't use it. I am concerned that I have **good coverage for a catastrophic event if my good health and fortune were to change.** Also, I don't believe it is fair that families pay less than their fair share. After all, they have chosen to add plan users."

"It is my perception that much of the high cost of insurance is the result of abuse or exploitation of the benefit by both patients and providers. "Recreational" visits to the doctor, over-reliance on (and the subsequent resistance to) prescription drugs, and the performance of unnecessary procedures create additional demands on the insurance system. **What incentives might be developed to reward responsible use of benefits, without creating an additional burden for those who truly need the assistance?** One suggestion might be reduced deductible amounts based on claim history. Another might be to provide health education and **guidelines** about when it is really necessary to see a doctor or obtain medication, and **how to manage your own health care** to avoid being manipulated by health care providers."

"Employees need to have more options for plans. Higher deductibles, lower premiums and vice versa. **Reduce the mental health benefit and shift those savings to the higher prescription costs.**"

State Insurance Remarketing Timeline of 2004 Key Activities

January:	Presentation to Legislative Change in Employee Compensation Committee (CEC) Request for Proposal (RFP) Responses Received From Providers Employee Advisory Group Being Formed to Help in Plan Design Decisions RFP Evaluation
February:	RFP Evaluation Notice of Intent to Award Contract Negotiations Employee Advisory Group Meets
March/April:	Legislative Appropriation Plan Design Finalization State Employee and Retiree Education Meetings and Related Information Outreach
May/June:	Open Enrollment
July 1, 2004:	New Plan Contract Effective

Survey Questions and Responses ...

1. When considering employment, how important is your health insurance benefit? (Select one)

- 2,807 a. Critical
1,369 b. Very important
162 c. Somewhat Important
35 d. Not important

2. Recognizing that plan costs are increasing, and that the State currently pays 90% of the total premium costs of your health insurance, which one of the following options do you believe to be the best way to pay for future increases: (Select one)

- 1,622 a. Keep my current medical plan benefits the same as they are now, which means the monthly premiums I have to pay will increase.
192 b. Keep my monthly premiums the same as they are now, even if that means my current medical plan benefits may be reduced.
2,559 c. Find a balance between increased monthly premiums and benefit changes.

3. Of the elements contained in your current group medical plan, which of the following are of most importance to you and your family: (Rank in order of importance, from #1 to #8, with #1 being the most important) — (Responses ranked in priority order)

1. Current 80/20 Co-Insurance where employees pay 20% of allowable costs after meeting deductibles
2. Current Deductible (\$350 per person, \$1,050 per family)
3. Prescription (Rx) Benefits
4. Dental coverage
5. Current Out-of-Pocket Maximum (\$4,300 per person)
6. Vision
7. Employee Assistance Benefits
8. Mental Health/Substance Abuse benefits

4. Prescription costs are the most rapidly increasing part of our insurance plan. To help control costs, while maintaining access to coverage, which of the following options is of the most importance to you: (Rank in priority order, #1 to #5, with #1 being the choice you would most prefer) — (Responses ranked in priority order)

1. (b) Increase current co-payment amounts (\$12 generic; \$18 brand name with no generic; \$40 for brand with generic equivalent) of the plan.
2. (c) Eliminate 90-day supply of maintenance medications for two co-payment amounts. As a result, you would be required to pay a co-payment for each 30-day supply of the medication.
3. (e) Provide a Mail Order plan for routine/maintenance medications.

4. (a) Limit coverage to an approved list of medications. Those medications not on the approved list (tie) could be obtained, but at a higher cost.

4. (d) Change from the current co-payment plan to a 'co-insurance' plan. A co-insurance plan requires that participants pay a percentage of the cost of the medication to a maximum amount each time the prescription is filled.

5. If your Medical Plan coverage could be structured to provide basic benefits, with optional or additional benefits and services made available to you for an additional premium, would you consider paying extra for those optional/additional benefits/services?

- 3,194 Yes
1,179 No

(See Page 4 Charts for addition demographic information relating to final three questions below)

6. Currently, which rate category are you enrolled in:

- 1,655 a. Employee Only
939 b. Employee and Spouse
324 c. Employee and One Child
413 d. Employee and Two or More Children
1,042 e. Employee, Spouse and Child(ren)

7. What age group are you in:

- 449 a. Under 30
1,510 b. 31-- 45
1,669 c. 46 – 55
721 d. 56 – 65
24 e. Over 65

8. How long have you been employed by the State of Idaho?

- 1,268 a. Less than 5 years
962 b. 5 – 10 years
831 c. 10 – 15 years
568 d. 15 – 20 years
743 e. More than 20 years

Watch for Continuing Updates, Information on State Employee Portal

Continuing information, Q&A's, and updates will be made available on the **State Employee Portal**.

www2.state.id.us/emportal/

If you have further questions, or need assistance, please contact the Department of Administration, State Employee Benefit Programs, at:

1-800-531-0597 or (208) 332-1860

Survey Participants by Coverage, Age and Service

